

Message Text

CONFIDENTIAL

PAGE 01 STATE 043463
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EUR/SE:EMARCOTT:RAH
APPROVED BY EUR:REBARBOUR
EUR/SE:RCEWING
EB/OMA:TFORBORD
TREAS:RBLAKE
S/S-O:SVALERGA

-----086288 180348Z /15

P R 180259Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
AMEMBASSY BONN PRIORITY
INFO AMEMBASSY ATHENS
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMEMBASSY NICOSIA
AMEMBASSY PARIS

C O N F I D E N T I A L STATE 043463

EXDIS USOECD, USEEC

E.O. 11652: GDS

TAGS: EFIN, TU

SUBJECT: TURKISH-IMF NEGOTIATION

REF: (A) BONN 2988 (NOTAL); (B) BONN 2808 (NOTAL),
(C) STATE 34578 (NOTAL), (D) 77 STATE 308899

1. OFFICERS FROM DEPARTMENT, TREASURY, EXIM AND FEDERAL
RESERVE MET INFORMALLY FEBRUARY 15 IN OFFICE US EXECUTIVE
DIRECTOR WITH WOODWARD, LEADER OF IMF TEAM NEGOTIATING WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 043463

TURKEY, AND WHITTOME, DIRECTOR OF IMF EUROPEAN DEPARTMENT.
FACT THAT THIS DISCUSSION TOOK PLACE SHOULD NOT BE REVEALED
TO GOT OFFICIALS OR OTHERS.

2. WOODWARD INDICATED THERE HAD BEEN NO SUBSTANTIVE CONTACT
WITH GOT SINCE FORMATION OF ECEVIT GOVERNMENT. TURKISH
ALTERNATE EXEC DIRECTOR, ON HIS RETURN FROM ANKARA, HAD

CONVEYED ORAL MESSAGE FROM MINISTER FINANCE ABOUT FEB 8 SUGGESTING GOT WOULD SOON SEEK TO RENEW NEGOTIATIONS, BUT PROBABLY WOULD PREFER SEND SMALL TEAM TO WASHINGTON, RATHER THAN HAVE IMF RETURN TO ANKARA. WOODWARD HAD BEEN TELEPHONED BY MIN FIN SEC GEN FEB 15 ALONG SIMILAR LINES STRESSING HOPE FOR EARLY TURKISH POLICY DECISIONS AND URGING IMF "REASONABLENESS" IN DEALING WITH TURKISH PROBLEMS. WOODWARD SAID SOME INITIAL ECEVIT ECONOMIC MEASURES WERE

"DISAPPOINTING", CITING INCREASES IN MINIMUM WAGE, CIVIL SERVICE SALARIES, BASE LEVEL FOR INCOME EXEMPT FROM TAXATION AND SUPPORT PRICES FOR TOBACCO. FUND RECOGNIZES ECEVIT GOVERNMENT POLITICAL DILEMMA AND PROBLEMS WHICH WOULD RESULT IF IMF INSISTED ON CLEAR PUBLIC PRESENTATION OF CONSEQUENCES OF STABILIZATION AGREEMENT. FUND, HOWEVER, CONTINUES TO FEEL IT VITAL THAT IT RECEIVE UNAMBIGUOUS GOT COMMITMENT ON REDUCING STATE BUDGET DEFICIT AND MODIFYING EXCHANGE RATE.

3. DEPTOFF INFORMED WHITTOME AND WOODWARD OF USG TENTATIVE THINKING ALONG LINES REF C (EXPANDED CONSULTATIVE GROUP FOR TURKEY TO INCLUDE INTERESTED GOVERNMENTS, IFIS AND PRIVATE BANKS WHICH COULD PERHAPS MEET IN TURKEY AT GOT INVITATION TO REVIEW MEDIUM AND LONG TERM TURKISH ECONOMIC NEEDS). WOODWARD INDICATED HE CONSIDERED MEDIUM AND LONG TERM PLANNING VITAL, AND NOTED THAT LONG TERM PROJECTIONS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 043463

FOR TURKEY COULD SIGNIFICANTLY AFFECT FORM OF SHORT TERM PROGRAM. HE ALSO SAID SHORT TERM IMF PROGRAM, PERHAPS COUPLED WITH SOME TYPE OF DEBT REFINANCING, WOULD ONLY TEMPORARILY POSTPONE FURTHER DETERIORATION UNLESS SUPPORTED BY LONGER TERM PROGRAM. HE INDICATED FUND INDEED FAVORED SOME TYPE OF LONGER TERM PROGRAM PLANNING AND ASKED TO BE KEPT ADVISED AS US THINKING DEVELOPS.

4. COMMENT: THE FUND'S CONCERN ABOUT THE LONGER TERM OUTLOOK APPEARS TO BE INCONSISTENT WITH THE VIEW EXPRESSED BY THE GERMANS (REF A) THAT A FUND PROGRAM IN CONJUNCTION WITH A PARIS CLUB RESCHEDULING EXERCISE WILL BE SUFFICIENT. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, LOANS, BANKS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 feb 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE043463
Document Source: CORE
Document Unique ID: 00
Drafter: EMARCOTT:RAH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780075-0236
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780236/aaaabeve.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e6e207d4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 78 BONN 2988, 78 BONN 2808, 78 STATE 34578, 77 STATE 308899
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3546764
Secure: OPEN
Status: NATIVE
Subject: TURKISH-IMF NEGOTIATION
TAGS: EFIN, TU, IMF
To: ANKARA BONN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e6e207d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014